MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BAC4664 – INTERNAL AUDITING

(All sections / Groups)

07 MARCH 2019
2.30 P.M – 5.30 P.M
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages excluding cover page with 5 Questions only.
2. Attempt all **FIVE** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

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QUESTION 1

Corporate collapses in Malaysia as well as worldwide have highlighted the role of corporate governance mechanisms and specifically that of audit committee and internal audit in restoring investor confidence in the capital markets. The role of the audit committee and internal audit in corporate governance has grown over the years.

Required:

a) Explain the roles of internal auditors in supporting and assisting the audit committee. (10 marks)

b) Explain the roles of the audit committee in monitoring and controlling the internal audit function. (10 marks)

(Total:20 marks)

QUESTION 2

In order to ensure good corporate governance, audit committees should cooperate and interact with internal auditors. This interaction includes a variety of activities such as frequency of meetings between the audit committee and the Chief Internal Auditor (CIA), audit committee involvement in the dismissal of the CIA and review of internal audit work.

Required:

a) Explain how frequency of meetings between the audit committee and the CIA could ensure good corporate governance exist. (7 marks)

b) Explain how audit committee involvement in the dismissal of the CIA could ensure good corporate governance exist. (5 marks)

c) Explain how the review of internal audit work could ensure good corporate governance exist. (8 marks)

(Total:20 marks)

Continued...

QUESTION 3

The mission of internal audit which is '*to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight*' articulates what internal audit aspires to accomplish within an organization. Its place in the new International Professional Practices Framework (IPPF) is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

Required:

Explain how the internal auditors can achieve the above internal audit mission by applying:

a) Attribute standard 1220 – Due Professional Care. (12 marks)

b) Attribute standard 1130 – Impairment to Independence or Objectivity. (8 marks)

(You are required to include the explanation on the sub-sections of the standard)

(Total : 20 marks)

QUESTION 4

a) The Whistleblower Protection Act 2010 provides protection to whistle blowers who voluntarily come forward to report or reveal information on corruption activities. This Act also encourages the public from all sectors to disclose corruption related activities.

Required:

Identify and explain FIVE (5) contents that the code of conduct and whistle blower policy should have. (10 marks)

b) Fraud can occur at various levels in an organization. Therefore, it is important to establish appropriate preventive and detective techniques.

Required:

Explain fraud prevention and fraud detection techniques. (10 marks)

(Total: 20 marks)

Continued...

QUESTION 5

The final stage in an internal audit engagement is to communicate results, disclosing important matters to the auditee. An internal audit report is fundamentally the final product from an audit engagement that is very important to the management of an organization.

Required:

a) Explain the FIVE (5) purposes of internal audit report. (10 marks)

b) Explain the process of internal audit report writing. (10 marks)

(Total 20 marks)

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